



2009-10

Out-of-Pocket Expenditures Report

March 2012

California Managed Risk Medical Insurance Board

Benefits and Quality Monitoring Division





California Managed Risk Medical Insurance Board

Healthy Families Program

MRMIB provides and promotes access to affordable coverage for comprehensive, high quality, cost effective health care services to improve the health of Californians.

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INTRODUCTION

Federal law (Title XXI of the Social Security Act) limits the sum of premiums plus co-payment expenses to no more than five percent (5%) of annual household income for children enrolled in the Children's Health Insurance Program (CHIP). The Healthy Families Program (HFP), California's CHIP, has assured compliance with these requirements by limiting the total amount of co-payments incurred per family for health services to no more than \$250 per benefit year (California Insurance Code Section 12693.615). Regardless of family size, the maximum co-payment amount for health services is \$250 per family.

The design of the HFP benefits package requires subscribers to pay a \$5 to \$15 co-payment for certain health, dental and vision benefits at the time services are provided. There are no co-payments for preventive health and dental services, immunizations, medical transportation, inpatient care, sealants, and preventive and restorative dental procedures. Services that require co-payments include: physician office visits, acupuncture, chiropractic and biofeedback services, prescription drugs, outpatient mental health and substance abuse services, eye examinations, prescription glasses, and root canals, crowns and bridges.

HFP families must keep records of their co-payments for each benefit year and notify their health plans when they have reached the co-payment maximum. Once families demonstrate to their health plans that they have paid the maximum amount, no further co-payments are necessary for health services in the benefit year. Health plans are required to reimburse families that demonstrate they have paid more than \$250 in health services co-payments.

MAJOR FINDINGS

The number of families reaching the \$250 co-payment maximum has increased almost three times from 2008-09 to 2009-10. In the 2008-09 benefit year, there were 549 families that reached the \$250 co-payment maximum. In the 2009-10 benefit year, a total of 3,479 families reached the \$250 co-payment maximum for services in 15 months and 1,636 if adjusted for 12 months' data. Seventeen of the twenty-four participating health plans had at least one family who reached the \$250 co-payment maximum. However, five of the statewide plans reported no family that reached the \$250 co-payment maximum. The five plans are Anthem Blue Cross HMO, Blue Shield EPO and HMO, Health Net EPO and HMO. Fifty-one percent (51%) or 829 of the 1,636 families that reached the maximum were reported by Kaiser Foundation Health Plan. This is likely due to their coordinated administrative systems. Of the 1,636 families that

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reached the \$250 health co-payment maximum, 126 also had dental co-payments, which is a sixty-four percent (64%) increase from prior years.

This was the first year that one family paid more than five percent of their annual income on health care services (7% of household income). However, the family was reimbursed for the expenditures exceeding \$250 from the plan before the reporting period resulting in total net payments less than five percent (5%) of household income.

Demographic analysis revealed that a higher percentage of English speakers reached the \$250 co-payment maximum compared to non-English speakers in the HFP population. This finding is similarly observed in annual grievance data reported by plans which shows that non-English speaking members file complaints at much lower rates. Further research is needed to understand what factors account for these findings.

For the past 12 years, the HFP has provided affordable health, dental and vision services to low income families. However, due to the increase in subscriber premiums and co-payments that took effect November 1, 2009, there was a significant increase in the number of families that reached the co-payment maximum and in the number of families that also had dental co-payments. This report provides information on the families enrolled in the HFP who reached the \$250 maximum co-payment amount from July 1, 2009 through September 30, 2010 (2009-10 Benefit Year) and evaluates the impact of co-payment increases.

DATA COLLECTION AND ANALYSIS

Each health plan reports annually on the number of HFP families that incurred at least \$250 in co-payments in each benefit year. MRMIB also requires dental plans to report the amount of co-payments incurred for dental services by those HFP members that incurred \$250 in health services co-payments. Co-payments and premiums paid by families that reach the \$250 co-payment maximum are added together to determine each family's total out-of-pocket expenditures. Total expenditures are then compared to household income to determine if the total out-of-pocket expenditures exceed five percent (5%) of household income. MRMIB reviews this data annually to ensure compliance with the Federal law.

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The Board sought information regarding the systems that plans use for collecting and reporting co-payment data. We provide the following responses to the inquiry:

- Some plans reported that they track only paid co-payments, compared to others that track only incurred co-payments. Incurred means that a service was provided that required a co-payment, but the member may not have actually paid the co-payment.
- There are plans that do not have a reporting system that distinguishes between co-payments for covered and non-covered services.
- Many plans report co-payment information for covered services only whereas other plans provide MRMIB with co-payment information for both covered and non-covered services, such as cosmetic procedures.
- Plans reported methods they use to verify the co-payment information. The most common include running reports against claims data, having members mail in receipts to initiate the tracking process, and tracking cards provided to the members.

PROGRAM CHANGES

The original design of the HFP benefits package requires subscribers to pay a \$5 co-payment for certain non-preventive health, dental and vision benefits at the time services are provided. There are no co-payments for preventive health and dental services, immunizations, medical transportation, inpatient care, sealants, and preventive and restorative dental procedures.

Several changes occurred in HFP in 2009 that significantly impacted the results of this report. In November 2009, co-payments and premiums increased for families in Income Categories B and C, those with income over 150 percent of Federal Poverty Level (FPL), as follows:

- Non-preventive health, dental and vision service co-payments increased from \$5 to \$10.
- Prescription drug co-payments increased from \$5 to \$10 for generics and from \$5 to \$15 for brand name drugs.
- Emergency room visit co-payments increased from \$5 to \$15.

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- Monthly premiums for families in Income Category B (151% to 200% FPL) increased from \$12 per child to \$16 per child and from \$36 per family to \$48 per family.
- Monthly premiums for families in Income Category C (201% to 250% FPL) increased from \$17 per child to \$24 per child and from \$51 per family to \$72 per family.

However, families in Income Category A (income at or below 150% FPL) continue to pay the same premiums and co-payments.

RESULTS OF ANALYSIS

As of September 2010, there were approximately 486,228 families, representing 868,306 children, enrolled in HFP. During the 2009-10 benefit year, 1,636 families reached the annual \$250 co-payment maximum adjusted to 12 months data versus 3,479 for 15 months data. Out of all enrolled families, less than one percent (0.33%) of the families incurred health service co-payments over \$250 in the 2009-10 benefit year which was two and a half times the number in the 2008-09 benefit year (0.13%). While the percentage of families that have reached the maximum has increased over the last 10 years, the number remains small as a percentage of overall enrollment. Although Kaiser Foundation Health Plan represents nearly nineteen percent (18.5%) of HFP enrollment, it reported fifty-one percent (51%) of the total number of families reaching the \$250 co-payment maximum due to its integrated model delivery system.

Figure 1 shows that the number of families who reached the \$250 co-payment maximum peaked in the 2009-10 benefit year (1,636). Families that reached the \$250 co-payment maximum spent less than one percent (0.9%) of their annual income on health co-payments and premiums compared to one and a half percent (1.5%) of their annual income in 2008-09 benefit year. Due to co-payment increases, the maximum amount any family paid in health co-payments was \$1,890 in 2009-10 in comparison to \$885 for the previous benefit year. The maximum out-of-pocket expenditures for health services has increased over the last two years from about four percent (4.2%) in the 2008-09 benefit year to close to seven percent (6.9%) in 2009-10. However, there were no families that paid more than three percent (3%) of their annual income on co-payments in 2009-10 besides the single case where co-payments incurred was seven percent (7%) of the family's annual income.

As Figure 2 indicates, of the 1,636 families that reached the \$250 co-payment maximum for health services, 126 also had dental co-payments. This is a sixty-four percent (64%)

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increase compared to the 2008-09 benefit year. In the 2009-10 benefit year, families that reached the \$250 co-payment maximum spent less than one percent (0.9%) of their annual income on health and dental care co-payments and premiums. The maximum amount any family paid in dental co-payments was \$250. None of the 126 families' overall co-payments and premiums exceeded three percent (3%) after adding health care co-payments and premiums. Further studies are needed to test if increased dental co-payments are related to higher utilization of dental services incurred in 2009-10.

DEMOGRAPHIC COMPARISON

The number of families reaching the \$250 co-payment limit was also compared within each demographic category.

While less than half (49%) of the families in the program are English speaking, the majority (57%) of families who reached the \$250 health co-payment maximum were English speakers (Figure 3). It was observed that, similar to the HFP population, approximately half of those that reached the maximum were Hispanic/Latino (Figure 4). Comparison of co-payment data among various regions shows that one-third of families that reached the co-payment maximum reside in the Valley region (Figure 5). Families with incomes of 151% to 200% FPL reached the \$250 co-payment maximum at a significantly higher rate than those in the higher and lower income categories. However, the single family that incurred co-payments that exceeded five percent (5%) had annual income of 100% to 150% FPL (Figure 6).

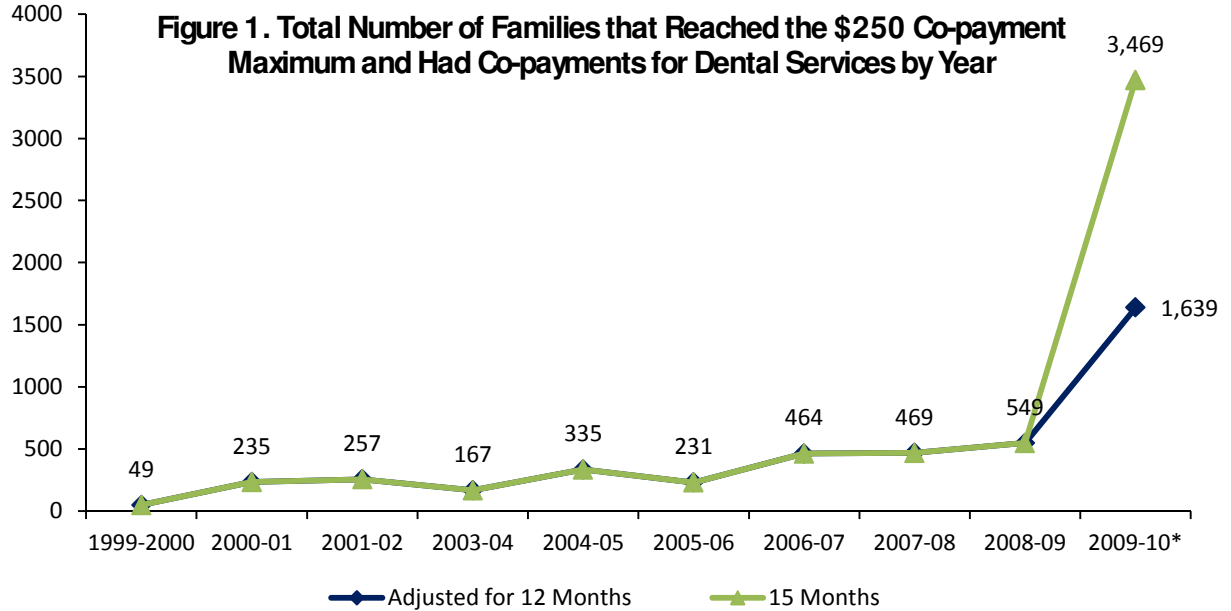
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Table 1. Families Reaching \$250 Co-payment Maximum by Health Plan

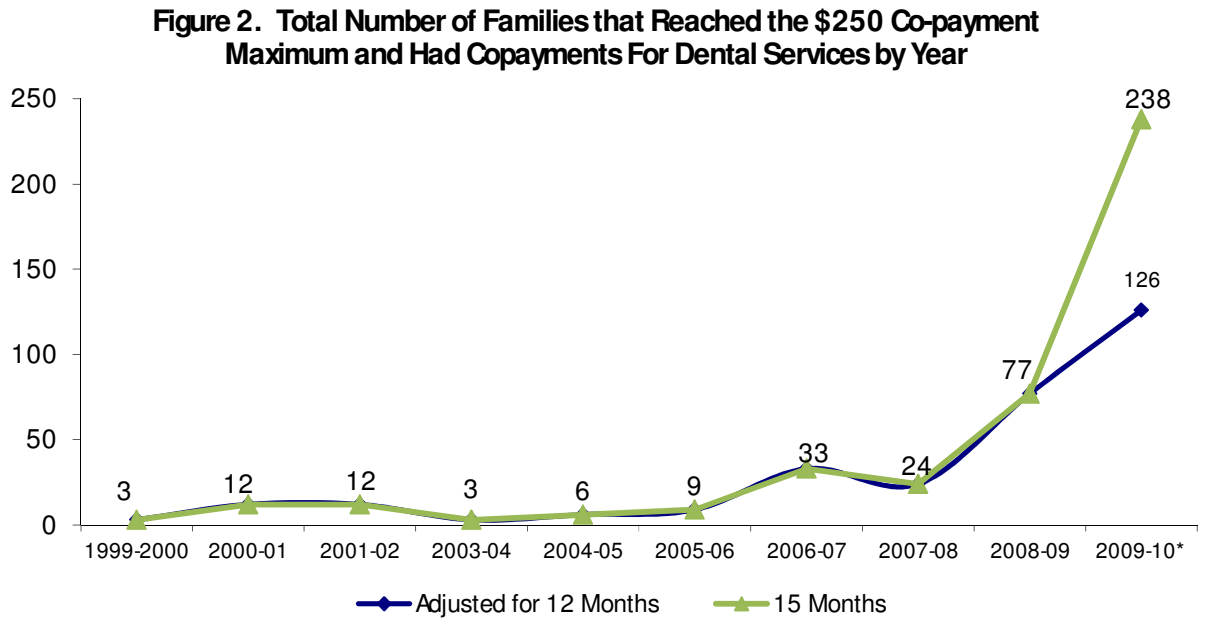
Health Plan	Number of Families in 15 months	Number of Families Adjusted to 12 months	2010 Percentage of Enrollment Adjusted to 12 Months	2009 Percentage of Enrollment
Alameda Alliance	123	56	1.00%	0.00%
Anthem Blue Cross EPO	20	17	0.04%	0.01%
CalOptima Kids	1	0	0.00%	0.02%
Community Health Group	60	19	0.15%	0.00%
Central California Alliance for Health	183	66	1.56%	0.01%
Central Coast Alliance	416	235	2.36%	0.00%
Contra Costa Health Plan	17	9	0.33%	0.04%
Health Plan of San Joaquin	265	137	1.07%	0.06%
Health Plan of San Mateo	143	89	2.89%	0.39%
Inland Empire Healthplan	6	0	0.00%	0.00%
Kaiser Foundation Health Plan*	1,870	829	0.95%	0.40%
Kern Health Systems	274	131	2.31%	0.39%
LA Care Health Plan	1	1	0.02%	0.00%
Molina Healthcare	29	9	0.05%	0.00%
San Francisco Health Plan	1	1	0.03%	0.01%
Santa Clara Healthplan	1	0	0.00%	0.00%
Ventura County Health Care Plan	69	37	0.62%	0.29%
TOTAL NUMBER OF FAMILIES	3,479	1,636	0.33%	0.13%

* Kaiser's integrated delivery model provides for comprehensive reporting of subscribers' co- payments

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* Premiums and co-payments increased on November 1, 2009



* Premiums and co-payments increased on November 1, 2009

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Figure 3. Percentage of Families Who Exceeded the \$250 Copayment Maximum by Spoken Language

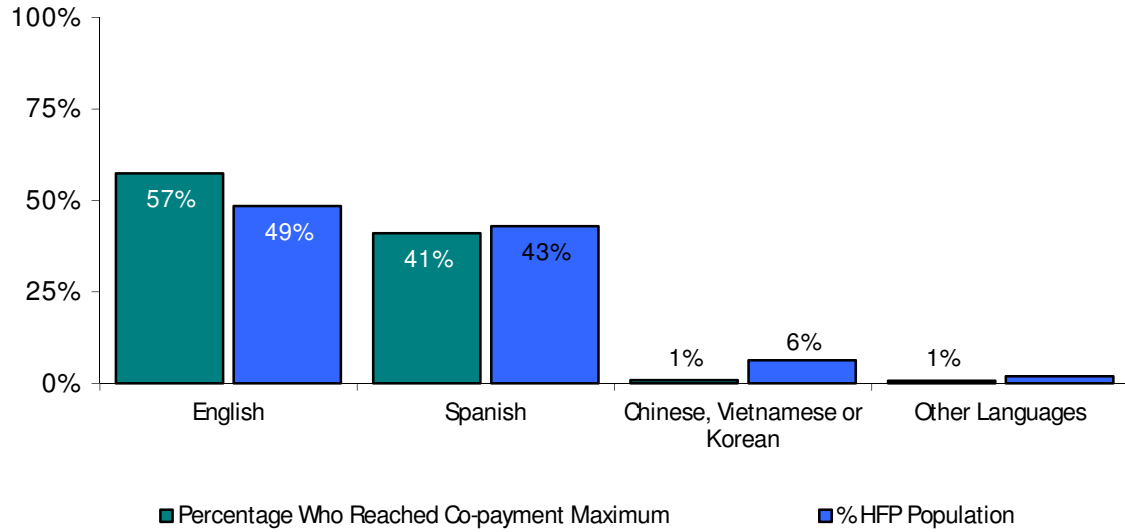
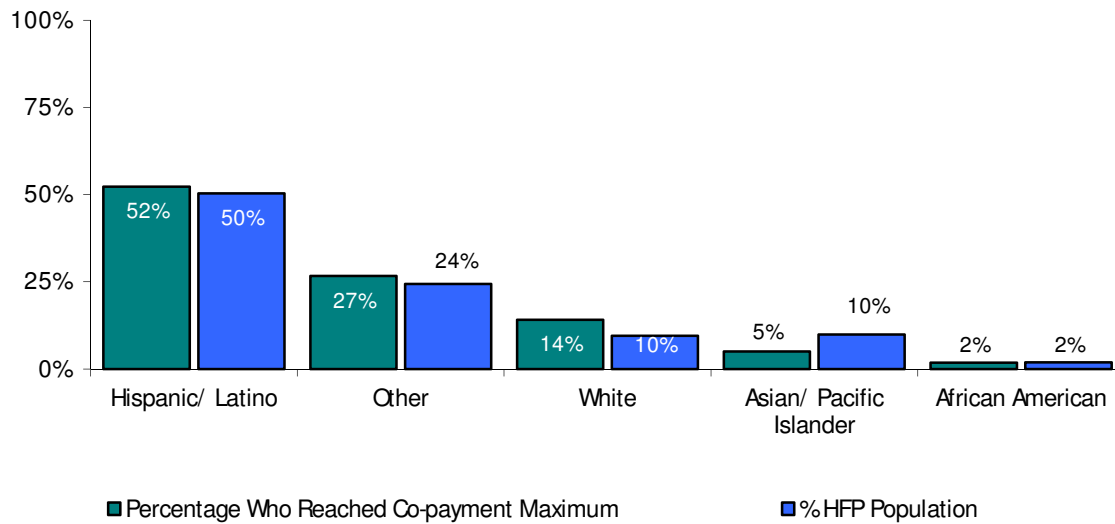


Figure 4. Percentage of Families Who Exceeded the \$250 Copayment Maximum by Ethnicity



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Figure 5. Percentage of Families Who Exceeded the \$250 Copayment Maximum by Region

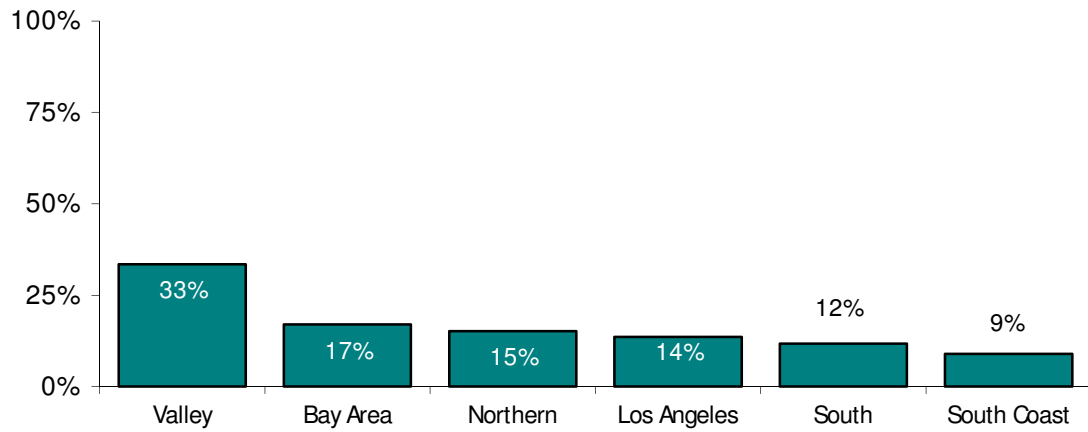
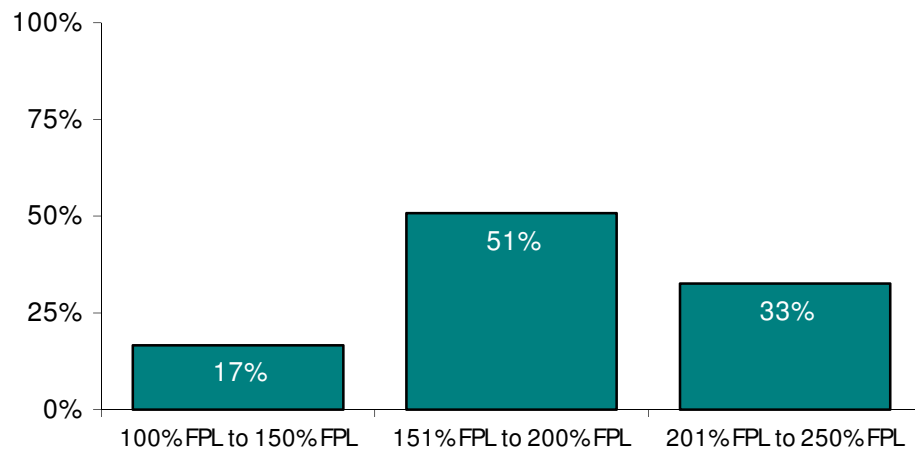


Figure 6 . Percentage of Families Who Exceeded the \$250 Copayment Maximum by Income Category



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Map of California Regions



Region	Counties	Total Enrollment for 2010*	Percentage of Total Enrollment
Northern	Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Inyo, Kings, Lake, Lassen, Mendocino, Modoc, Mono, Monterey, Nevada, Placer, Plumas, San Benito, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba	52,560	9.1%
Valley	Fresno, Imperial, Kern, Madera, Mariposa, Merced, Napa, Sacramento, San Joaquin, San Luis Obispo, Santa Cruz, Solano, Sonoma, Stanislaus,	100,027	17.3%
Bay Area	Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara	61,875	10.7%
South Coast	Orange, Santa Barbara, Ventura	65,576	11.3%
Los Angeles	Los Angeles	168,684	29.2%
Southern	Riverside, San Bernardino, San Diego	129,454	82.66%

*HFP enrollment for calendar year 2010.

California's Six Regions

